

## Message Text

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67

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /084 W  
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R 011503Z DEC 76

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC 1830

C O N F I D E N T I A L BRIDGETOWN 2323

EO 11652: GDS

TAGS: EFIN, BB

SUBJECT: PRIME MINISTER STATES GOB FACED WITH "FINANCIAL CRIS",  
BLAMES PAS GOVERNMENT'S FISCAL IRREGULARITIES AND  
ESTABLISHES COMMISSION OF INQUIRY.

BEGIN UNCLASSIFIED

1. IN A NOVEMBER 23 SPEECH TO THE BARBADIAN HOUSE OF  
ASSEMBLY, BARBADOS' PRIME MINISTER J.M.G. "TOM" ADAMS  
ACCUSED THE OURSTED DLP GOVERNMENT OF HAVING BEQUEATHED  
HIM AN "ONGOING FINANCIAL CRISIS." ADAMS ATTRIBUTED THE  
SERIOUS CASH FLOW PROBLEM TO OVERSPENDING IN GENERAL  
AND FOOLISH, IMPROPER, IRREGULAR AND POSSIBLY ILLEGAL  
GOVERNMENT TRANSACTIONS INVOLVING THE BARBADOS  
MARKETING CORPORATION, INTERNATIONAL SEA FOODS LTD.,  
BATH PLANTATION LTD. (A TOURISM COMPLEX) THE PURCHASE OF THE  
SHIP "NORTH POINT," AND CARIB WEST (AN AIR CARGO COMPANY).  
HE STATED THE CRISIS WAS CONFIRMED BY AN IMF TEAM WHICH RECENTLY  
SURVEYED GOB FINANCES.

2. THE PRIME MINISTER PLEDGED SHORT RUN MEASURES -- RAISING  
THE NATIONAL DEBT CEILING AND INCREASED TREASURY BILL  
SALES -- TO ALLEVIATE THE IMMEDIATE PROBLEM. HE ALSO CLAIMED  
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THAT POST ELECTION CONFIDENCE IN HIS GOVERNMENT AND REPEAL OF

THE FIVE PERCENT SALES TAX HAD STIMULATED THE PRIVATE SECTOR AND CREATED SIGNIFICANT NEW EMPLOYMENT.

3. AT THE END OF HIS 4,000 WORD STATEMENT, ADAMS ANNOUNCED HIS CABINET'S DECISION TO APPOINT A COMMISSION OF INQUIRY TO INVESTIGATE PAST GOB FINANCIAL IRREGULARITIES. HE SAID THE AS YET UNNAMED COMMISSIONERS WOULD BEGIN WORK EARLY IN THE NEW YEAR.

4. OPPOSITION DLP LEADER FREDERICK SMITH RESPONDED TO ADAM'S STATEMENT BY SAYING THAT HE WELCOMED THE FORMAL INQUIRY, SINCE IT WOULD "CLEAR THE AIR ONCE AND FOR ALL."

END UNCLASSIFIED.

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5. COMMENT: THERE IS NO DOUBT THAT THE GOB UNDER EX-PRIME MINISTER BARROW BOTH OVERSPENT AND SPENT IRRATIONALLY OR WITHOUT CLEAR PURPOSE ON PROJECTS LIKE CARIB WEST, THE NORTH POINT AND THE OTHERS ADAMS ENUMERATED. HOWEVER, THE BLP GOVERNMENT'S REMOVAL OF THE SALES TAX OBVIOUSLY DOESN'T HELP -- AT LEAST IN THE SHORT RUN--PROP UP GOVERNMENT FINANCES. (ADAMS ATTEMPTED TO DEFUSE POSSIBLE CRITICISM ON THIS SCORE BY CITING THE IMF TEAM TO THE EFFECT THAT THE IMPACT OF THE REMOVAL WAS "MINIMAL.") ADAMS IS CORRECT IN CLAIMING A CAUTIOUS REVIVAL OF PRIVATE SECTOR CONFIDENCE FOLLOWED HIS ELECTION. HOWEVER, IT IS UNCLEAR HOW MUCH OF THE INCREASE IN CONFIDENCE CAN BE ATTRIBUTED TO BUSINESS AND GENERAL PUBLIC FAITH IN ADAMS AS OPPOSED TO SIMPLE RELIEF THAT THE ELECTION IS PAST. ALSO, WHILE THE BUSINESS COMMUNITY GENERALLY HAS FAVORED THE BLP OVER THE DLP, ITS POSITION COULD CHANGE SHOULD THE NEW GOVERNMENT FAIL TO GET THE ECONOMY GOING AGAIN.

6. ADAMS' APPOINTMENT OF AN INQUIRY COMMISSION RESULTS LARGELY FROM GROWING -- BUT STILL LOW KEY-- GRUMBLING THAT THE NEW GOVERNMENT SHOULD PROVE THE EXISTENCE OF THE WIDESPREAD GOVERNMENT CORRUPTION UPON WHICH IT BASED MUCH OF ITS CAMPAIGN ORATORY. ALTHOUGH THE MAJORITY OF THE BARBADIAN

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PUBLIC IS STILL INCLINED TO GIVE THE NEW GOVERNMENT PASSING MARKS, SEVERAL LOCAL COMMENTATORS HAVE OBSERVED THAT NO LONGER IS THE BARBADIAN ELECTORATE CONTENT TO VOTE IN A NEW GOVERNMENT AND THEN SIMPLY LET IT DO WHAT IT WILL. WE CONTINUE TO BELIEVE THE OPPOSITION WILL STEADILY SCORE POINTS BY CONSTANT REITERATION OF BLP CAMPAIGN PROMISES AND COMPARISON OF THESE WITH ACTUAL PERFORMANCE. END CONFIDENTIAL

END COMMENT.

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## Message Attributes

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